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INFORMATION MEMORANDUM
Expanding Educational Freedom and Opportunities for Families

- To:** State, Territory, and Tribal Lead Agencies administering the Child Care and Development Fund (CCDF) program, as amended, and other interested parties.
- Subject:** Use of the Child Care and Development Fund (CCDF) to Expand Educational Freedom and Opportunities for Families.
- References:** Child Care and Development Block Grant (CCDBG) Act, 42 U.S.C. § 9857 *et seq.*, CCDF Regulations at 45 CFR Part 98; Executive Order 14191: *Expanding Educational Freedom and Opportunity for Families* (signed on January 29, 2025).
- Purpose:** Provide an overview and guidance on the use of CCDF to provide participating parents choice in their child care arrangements.
- Background:** Section 5 of Executive Order 14191, “Expanding Educational Freedom and Opportunity for Families,” directs the U.S. Department of Health and Human Services (HHS) to issue guidance on using block grants, including the CCDF, to enhance educational choice for K-12 education, with an emphasis on supporting alternatives to public schools, such as private and faith-based options. While CCDF funds cannot directly pay for school tuition or academic services for grades 1-12 (42 U.S.C. § 9858k(b); 45 CFR § 98.56(c)), they play a critical role in supporting working families by subsidizing child care for 1.4 million children monthly across a range of settings¹. This enables parents to pursue work and to select among educational choices for their children, including faith-based or other non-public options.

Nationally, there are approximately 121,000 child care centers², of which 7,550 are faith-based (sponsored by churches or religious private schools), with an

¹ <https://acf.gov/occ/data/fy-2022-preliminary-data-table-1>

² Joshua Borton. 2019 NSECE Snapshot: The Role of Faith-based Organizations in Center-based Child Care and Early Education. OPRE Report No. 2022-233, Washington DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services. Available at: <https://www.acf.hhs.gov/opre/project/nationalsurvey-early-care-and-education-2019-2017-2022>.

estimated 2,730 of the faith-based centers accepting CCDF certificates based on 2019 National Survey of Early Care and Education (NSECE) data.³ This information memorandum (IM) provides actionable strategies to expand these choices, aligning with the executive order's goals within CCDF's legal authority.

Guidance: The CCDF program is a critical resource that lowers the cost of child care for 1.4 million children from over 870,000 families each month across a range of care options, improving family economic stability and well-being and supporting children's development.⁴ Access to affordable quality child care strengthens families, communities, and America's economy, and ensuring that families can choose from care options that best meet their needs and circumstances is foundational to the efficacy of the CCDF program.

CCDF provides grants to states, territories, and Tribes to subsidize child care services for eligible families through certificates or vouchers, or grants or contracts directly with providers. Each state, territory, and Tribe is required to designate an agency within their jurisdiction to administer the CCDF program, referred to as the CCDF Lead Agency (42 U.S.C § 9858b). In implementing the CCDF program, Lead Agencies must permit parents to choose from a variety of provider types and settings—including center-based child care, family child care, relative care, and faith-based providers.

One of the core and longstanding statutory purposes of CCDF (42 U.S.C. § 9857(b)(2)) is to promote parental choice to empower working families to make their own decisions regarding child care services that best meets their family's needs. Providing access to the full range of child care providers helps ensure that working families can choose a child care provider that suits their family's situation and values.

CCDF statute and regulations require that every family offered CCDF assistance is given the option to receive child care services through a certificate or voucher (42 U.S.C. § 9858c(c)(2)(A); 45 CFR § 98.30(a)). In Federal Fiscal Year (FFY) 2022, 96 percent of children receiving CCDF were served through certificates or vouchers.⁵ Certificates must allow parents to choose from a variety of child care categories, including center-based child care, family child care, and in-home child care. Additionally, sectarian providers may not be limited or excluded (42 U.S.C. § 9858n(2); 45 CFR § 98.30(e)(1)). CCDF Lead Agencies are prohibited from implementing local rules, procedures or other requirements that significantly restrict parental access to or choice from any category of care or type of provider (with the exception of in-home care) (45 CFR § 98.30(f)).

³ Internal OPRE Memo, Borton, Joshua. (2023) 2019 NSECE Estimates of Center-based Providers of Child Care and Early Education with Faith-based Sponsorship or Location that serve Children with CCDF Subsidy. NORC at the University of Chicago; Chicago.

⁴ <https://acf.gov/occ/data/fy-2022-preliminary-data-table-1>

⁵ <https://acf.gov/occ/data/fy-2022-preliminary-data-table-2>

To support the executive order’s focus on educational freedom, Lead Agencies should enhance CCDF’s role in providing child care options that complement diverse K-12 pathways. Below are specific recommendations to support Lead Agencies to expand parent choice using CCDF.

Expand Participation of a Variety of Providers in the CCDF Program:

Most statewide systems of early care and education include a variety of provider types and care settings, including programs that qualify for CCDF funding. Lead Agencies have the flexibility to leverage CCDF funding to increase access to early care and education providers, including preschool programs that may be designed by the state or locality. As states, territories, and Tribes work to align oversight and investment across various types of early care and education settings in the mixed delivery system, it is important that they do not limit parents’ choices for their children’s care.

Having access to the full range of early childhood providers allows families to choose the option that best meets their family needs. When leveraging CCDF funding to allow parent choice in preschool settings, lead agencies and states should ensure parents have options to select the care setting that is the best fit for their families.

The following strategies can be used by Lead Agencies to help ensure that there is a range of providers available for eligible families to choose from:

- *Engage Faith-Based Providers:* Of the 7,550 faith-based centers nationwide, approximately 2,730 currently accept CCDF certificates.⁶ Lead Agencies should target the remaining 4,820 faith-based centers by:
 - Offering technical assistance to meet CCDF health and safety standards and states’ licensing standards, if applicable (42 U.S.C. § 9858c(c)(2)(F); 45 CFR § 98.41).
 - Providing grants to child care providers to offset compliance costs, leveraging CCDF quality improvement funds (nationally about \$1.7 billion annually).
 - Conducting outreach through religious networks to raise awareness, respecting their autonomy.
- *Include Private School-Affiliated Programs:* Encourage child care programs linked to private or faith-based schools to participate in CCDF,

⁶ Internal OPRE Memo, Borton, Joshua. (2023) 2019 NSECE Estimates of Center-based Providers of Child Care and Early Education with Faith-based Sponsorship or Location that serve Children with CCDF Subsidy. NORC at the University of Chicago; Chicago.

ensuring they offer services distinct from academic instruction (e.g., before/after-school care).

- *Support Mixed Delivery Systems:* Integrate center-based, family child care, relative care, and Head Start options into state preschool systems, avoiding restrictions on parental choice (45 CFR § 98.30(f)).

Facilitate CCDF to Support Educational Choice for School-Age Children:

CCDF may be used to subsidize care for eligible children during out-of-school time, including before and after-school care, until the child reaches the age of 13 (42 U.S.C. § 9858n(4)(A); 45 CFR § 98.20(a)(1)(i)). Additionally, at the option of the Lead Agency, CCDF may be used to subsidize care for children up to age 19 who are physically or mentally incapable of caring for themselves or are under court supervision (45 CFR § 98.20(a)(1)(ii)). Families using CCDF assistance for eligible school-age children are afforded the same level of parental choice as families with younger children. Out-of-school time programming can occur in the same types of settings available to younger children, including center-based care, family child care, relative care, faith-based providers, or school-based programs operating before or after normal school hours. In Federal Fiscal Year 2022, the monthly percentage of school-age children age 6 and older receiving CCDF was 35 percent nationally.⁷

The following strategies can be used by Lead Agencies to help ensure that there are a range of providers available for eligible families with school-age children to choose from:

- *Before/After-School and Wraparound Care:* Subsidize care for school-age children (up to age 13, or 19 if physically or mentally incapable of caring for himself or herself or under court supervision) (45 CFR § 98.20(a)(1)) to support families choosing private schools, homeschooling, or other options.
- *Homeschooling Families:* Define homeschool teaching as a “qualifying activity” for CCDF eligibility (45 CFR § 98.20), making homeschooling families potentially eligible for CCDF (as long as there is a need for child care and the family meets CCDF income and eligibility requirements (45 CFR § 98.20). Home-schooling families may want to use CCDF assistance to access child care programs or providers in the community during non-core school hours if parents have part-time work, training, or volunteer activities and need care. However, CCDF cannot be used for actual home-schooling, but this option enables home-schooling families who may need care for younger children not receiving educational instruction during their siblings’ home-schooling hours to access child

⁷ <https://acf.gov/occ/data/fy-2022-preliminary-data-table-9>

care subsidies. CCDF assistance may not be used to pay for care provided by the child's own parent(s). Therefore, parents who home-school cannot receive CCDF assistance for the children they are home-schooling during core school hours.

- *Flexible Hours:* Highlight providers offering nonstandard hours, including family child care providers, to accommodate parents' work schedules alongside diverse school calendars.

Enhance Transparency and Accessibility:

In order for families to be knowledgeable about the options available to them, Lead Agencies are responsible for ensuring that parents have readily accessible information about the providers in their region, as well as to support them in enrolling in those options (42 U.S.C. § 9858c(c)(2)(E); 45 CFR § 98.33). Below are some strategies that can be leveraged to improve families' access to information and efforts that can ensure parents have the resources they need to use CCDF funding to support the provider of their choice.

- *Provider Information:* Develop user-friendly tools (e.g., online directories) detailing CCDF-eligible providers, including faith-based and school-affiliated options, with locations, services, and quality ratings as part of the Lead Agency's consumer education website (45 CFR § 98.33).
- *Streamlined Enrollment:* Simplify certificate issuance and provider-switching processes to reduce barriers, ensuring families can quickly adapt care to educational choices.
- *Parental Education:* Offer workshops or materials explaining how CCDF supports choice, emphasizing options like faith-based care (serving 432,000 children in centers per 2019 NSECE⁸) and relative care.

Leverage CCDF Certificates for Maximum Choice:

Vouchers or certificates are an invaluable tool to ensure that parents are able to use federal funding to access the providers of their choosing. Lead Agencies can use the following strategies to ensure parents can use CCDF to support the specific care needs of their family.

⁸ Joshua Borton. 2019 NSECE Snapshot: The Role of Faith-based Organizations in Center-based Child Care and Early Education. OPRE Report No. 2022-233, Washington DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services. Available at: <https://www.acf.hhs.gov/opre/project/nationalsurvey-early-care-and-education-2019-2017-2022>.

- *Certificate Usage:* With 96 percent of CCDF children served via certificates in FFY 2022⁹, ensure they remain the primary mechanism, allowing parents to select from all eligible providers without exclusion of sectarian options (42 U.S.C. § 9858n(2); 45 CFR § 98.30(e)(1)).

Eligible Providers and Requirements:

The CCDBG Act (42 U.S.C. § 9858n(6); 45 CFR § 98.2) defines an “eligible child care provider” as one who is licensed, regulated, registered, or license-exempt under applicable state or local law and satisfies applicable state and local requirements, including health and safety requirements.

States determine which child care providers must be licensed in order to legally operate in the state, and many states require providers to be licensed regardless of CCDF participation. The CCDBG Act and CCDF regulations allow Lead Agencies to use CCDF funds to support providers exempt from state licensing requirements, as long as the Lead Agency describes in their required CCDF plan how such licensing exemption does not endanger the health, safety, or development of children who receive services from license-exempt child care providers (42 U.S.C. § 9858c(c)(2)(F)(ii); 45 CFR § 98.40(a)(2)).

All CCDF-participating child care providers, regardless of whether providers are licensed or license-exempt, must meet CCDF health and safety requirements, with the possible exception of certain relative providers described further below (42 U.S.C. § 9858c(c)(2)(F); 45 CFR § 98.41). Under the law, states and territories must:

- ensure that these health and safety requirements address key areas, such as first aid and cardiopulmonary resuscitation (CPR) and prevention of shaken baby syndrome and abusive head trauma;
- require that child care staff receive minimum health and safety training in these areas;
- complete criminal background checks for child care staff; and
- monitor providers’ compliance with these requirements, including annual inspections.

CCDF Assistance for Center-based Child Care Settings

Center-based child care providers can choose to participate in the CCDF program if they meet the CCDF health and safety requirements. Families may want to enroll their children in center-based care for the programming or curricula, structured environment, proximity to work or home, perceived quality, or possible increased opportunity for socialization.

⁹ <https://acf.gov/occ/data/fy-2022-preliminary-data-table-2>

CCDF Assistance for Family Child Care Settings

Family child care providers that meet the CCDF health and safety requirements, can choose to participate in the CCDF program. Family child care provides working parents an important care option for their children, especially families seeking infant and toddler care. Families may prefer family child care so that their children are cared for in a home-like setting, possibly with smaller group size than possible in available center-based care, and in a setting compatible with families' beliefs. Family child care may also provide desired convenience or affordability. For parents who work nonstandard hours or have variable work schedules, family child care might better meet their needs and accommodate their schedules.

CCDF Assistance for In-home Child Care Services

As part of parent choice, families may use CCDF child care subsidies for in-home care, or care in the child's home (45 CFR § 98.30(e)(1)(iii)). In choosing this care type, parents might prefer that their children be cared for within the environment most familiar to them, their homes. This care type might be particularly useful in meeting the preferences and needs of parents with nonstandard work hours or children with disabilities. Because of unique challenges in monitoring the quality of care and appropriateness of payments, Lead Agencies may limit the use of CCDF assistance for in-home child care. If a Lead Agency does limit access to in-home care, the Lead Agency is required to describe the limitations and the reasons for them in its CCDF Plan (45 CFR § 98.16(i)(2); 45 CFR § 98.30(e)(iii); *see also* 63 FR 39949-50).

CCDF Assistance for Relative Care

Families may choose to use CCDF for child care from relative providers (42 U.S.C. § 9858n(6)(B); 45 CFR § 98.2). For the purposes of CCDF, a relative child care provider is 18 years of age or older and provides child care services only to eligible CCDF children who are, by marriage, blood relationship or court decree, the grandchild, great grandchild, sibling (if he or she does not live in the same residence as the child), niece, or nephew of the provider. Parents may choose relative care as a trustworthy, convenient, and safe child care arrangement.

Lead Agencies may exempt relative providers as defined by the CCDBG Act (i.e., grandparents, great grandparents, siblings who live in a separate residence from the child receiving care, aunts, and uncles) from some or all of the CCDF health and safety standards and background check requirements (42 U.S.C. § 9858n(6); 45 CFR § 98.42(c)). If a Lead Agency chooses to exempt relative providers, the Lead Agency is required to describe and provide justification for

the exclusion of relative providers from these standards in their CCDF Plan (42 U.S.C. § 9858c(c)(2)(F)(ii); 45 CFR § 98.16(u)).

CCDF Assistance for Faith-based Child Care Providers

As part of parent choice, the law and CCDF regulations allow families to use CCDF subsidies for sectarian child care services (42 U.S.C. § 9858n(2); 45 CFR § 98.30(c)(4)). This means faith-based providers, including programs sponsored by houses of worship, may be eligible to accept certificates or vouchers from parents of eligible children if they meet the CCDF requirements in their respective state, territory, or Tribe.

To support CCDF participation, faith-based providers are allowed to use CCDF funding for sectarian purposes or activities, as long as such activities are provided through a voucher and as long as the provider was freely chosen by the parent (42 U.S.C. § 9858n(2); 45 CFR § 98.30(c)(5)). Further, the CCDBG Act allows flexibility in hiring requirements for faith-based providers, allowing such providers to require their employees to adhere to religious tenets and teachings (42 U.S.C. § 9858l(a)(1)(B); 45 CFR § 98.49(b)). This flexibility supports parental choice by allowing faith-based providers to care for children in accordance with their beliefs and values, which may increase the number of faith-based providers willing to participate in CCDF through certificates or vouchers.

In general, a child care provider that receives CCDF assistance may not discriminate against any child on the basis of religion in providing child care services; however, nothing in the law prohibits child care providers from selecting children for child care slots that are not funded directly with CCDF assistance because such children or their family members participate on a regular basis in other activities of the organization that owns or operates such provider (42 U.S.C. § 9858l(a)(2); 45 § CFR 98.48). However, if 80 percent or more of the operating budget of a child care provider comes from Federal or state funds, including direct or indirect funding from CCDF, the admission policies of the provider cannot discriminate on the basis of religion (45 CFR § 98.48(c)(2)).

Faith-based providers are also eligible to receive CCDF funds as grants or contracts to provide direct child care services. If receiving CCDF funding through this supply building strategy, faith-based providers are restricted from using the funds for sectarian purposes or activities, including sectarian worship or instruction (42 U.S.C § 9858k(a); 45 CFR § 98.56(d)). There are also stricter laws in place regarding discrimination in admissions and employment for faith-based providers that receive CCDF funds as grants or contracts (42 U.S.C. § 9858l; 45 C.F.R. §§ 98.48 & 98.49).

Limitations on Using CCDF for Education Services:

It is also important to outline the prohibitions on CCDF that may limit a Lead Agency's flexibility offered to parents.

Funding for Educational Services:

The CCDBG Act and CCDF regulations are clear that CCDF assistance cannot be used for education services for students enrolled in grades one through 12 (42 U.S.C. § 9858k(b); 45 CFR § 98.56(c)).

The CCDBG Act states that no funds shall be expended for:

- “(1) any services provided to such students during the regular school day;
- (2) any services for which such students receive academic credit toward graduation; or
- (3) any instructional services which supplant or duplicate the academic program of any public or private school.” (42 U.S.C. § 9858k(b))

Therefore, CCDF funds cannot be used for public or private schooling or schooling for academic credit (including home-schooling and remote learning), including to support tuition for private schooling.

State Law Compliance:

The CCDBG Act does not supersede or modify any provision of a state constitution or state law that may prohibit expenditures of public funds by sectarian institutions (42 U.S.C. § 9858l(b); 45 § CFR 98.3). States must abide by any state laws that limit or define the use of public funds for sectarian institutions. Lead Agencies should consult with their state legal counsel to identify any state limitations on the use of public funding that would further limit the use of CCDF providers in their jurisdiction.

Non-Discrimination:

As previously outlined, parents are able to choose sectarian providers with their CCDF funding. However, if 80 percent or more of the operating budget of a child care provider comes from Federal or state funds, including direct or indirect funding from CCDF, the admission policies of the provider cannot discriminate on the basis of religion (45 CFR § 98.48(c)(2)). Conversely, providers with less than 80 percent federal or state funding can prioritize admissions based on religious activities (45 CFR § 98.48(c)(2)), supporting parents to choose faith-based care options based on their beliefs or values.

Please direct any inquiries to the Office of Child Care at OCCInfo@acf.hhs.gov.

/s/

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